

Message Text

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ORIGIN NEA-10

INFO OCT-01 ISO-00 AGRE-00 IGA-02 SP-02 USIA-15 AID-05
EB-08 NSC-05 TRSE-00 SS-15 STR-04 OMB-01 CEA-01
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TO AMEMBASSY DACCA PRIORITY

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E.O. 11652: N/A

TAGS: EAID, EAGR, BG, US

SUBJECT: BDG REQUEST FOR ADDITIONAL PL 480 COMMODITIES

1. BANGLADESH AMBASSADOR SIDDIQI CALLED ON NEA ASSISTANT SECRETARY ATHERTON APRIL 13 TO DISCUSS BANGLADESH FOOD REQUIREMENTS. WE ARE REPORTING SEPARATELY SUBSTANCE OF THE MEETING. SIDDIQI LEFT WITH ATHERTON AN AIDE MEMOIRE WHICH REQUESTS AN ADDITIONAL ALLOCATION OF 300,000 OF FOOD GRAIN, 40,000 TONS OF VEGETABLE OIL UNDER TITLE I PLUS AN ADDITIONAL 100,000 TONS OF GRAIN UNDER TITLE II. TEXT OF AIDE MEMOIRE FOLLOWS:

QUOTE: GOVERNMENT OF BANGLADESH IS MOST GRATEFUL TO THE GOVERNMENT OF THE UNITED STATES OF AMERICA FOR THE GENEROUS AMOUNT OF CONCESSIONAL FOOD ASSISTANCE GRANTED TO BANGLADESH SINCE INDEPENDENCE.

2. GOVERNMENT OF BANGLADESH MADE A FORMAL REQUEST TO THE
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GOVERNMENT OF THE UNITED STATES INDICATING THE DEFICIT AND THE IMPORT NEED DURING 1977 ON THE 7TH JUNE, 1976. THE ESTIMATED PRODUCTION, THE CONSUMPTION REQUIREMENT AND THE ESTIMATED DEFICIT--ALL THESE WERE EXPLAINED INDETAILTO THE MEMBERS OF THE AID GROUP THAT MET IN PARIS IN JUNE 1976, UNDER THE CHAIRMANSHIP OF THE WORLD BANK. INDICATIONS OF A HALF A MILLION TONS OF FOODGRAINS ALLOCATION UNDER PL 480

TITLE I WAS RECEIVED FROM THE U.S. DELEGATION THAT ATTENDED THE MEETING.

3. AGRICULTURE IN BANGLADESH HAS TRADITIONALLY BEEN WEATHER-PRONE AND OTHER VARIABLES AFFECTING FOODGRAINS PRODUCTION AND CONSUMPTION HAVE ALSO BEEN NOTORIOUSLY UNCERTAIN. FOOD POLICY AND BUDGET HAVE, THEREFORE, BEEN SUBJECTED TO A SYSTEM OF CONTINUOUS REVIEW BY THE GOVERNMENT. LATEST REVIEW OF THE CURRENT FOOD BUDGET HAS REVEALED THE FOLLOWING NEW DEVELOPMENTS:

(1) THERE HAS BEEN A SHORTFALL OF 400,000 TONS FROM THE ESTIMATED PRODUCTION OF AMAN CROP. THIS HAS BEEN DUE TO THE FOLLOWING REASONS:

(A) ADVERSE EFFECT ON THE WATER LEVEL IN THE SOUTH-WEST REGION FOLLOWING DEVELOPMENTS AT FARAKKA.

(B) ADVERSE EFFECT ON THE IRRIGATED ACREAGE FOLLOWING LOWERING OF THE WATER LEVEL.

(C) A LOW OFF-TAKE OF FERTILIZER BY FARMERS FOLLOWING WITHDRAWAL OF SUBSIDY THEREBY AFFECTING PER ACRE PRODUCTION

(2) AN ESTIMATED SHORTFALL OF 300,000 TONS IN BORO PRODUCTION BECAUSE OF THE COMBINED EFFECT OF LOWER OFF-TAKE OF FERTILIZER AND LOWER AVAILABILITY OF BOTH SURFACE AND UNDERGROUND WATER FOLLOWING DEVELOPMENTS AT FARAKKA.

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(3) THERE HAS BEEN A RUN DOWN ON THE STOCKS FOLLOWING A SUDDEN RISE IN THE LEVEL OF OFF-TAKE FROM 100,000 TO 150,000 TONS A MONTH. THE HIGHER OFF-TAKE HAS ALSO RESULTED DUE TO A RISE IN THE PRICE OF RICE IN THE OPEN MARKET.

4. THE GOVERNMENT WOULD LIKE TO UNDERLINE THE FACT THAT THE PRESENT STOCK IS BELOW 500,000 TONS WHICH WOULD ROUGHLY MEET TWO AND ONE-HALF MONTHS' REQUIREMENTS AND THE GOVERNMENT VERY STRONGLY FEELS THE NEED TO LINE UP SUPPLYING THE PIPELINE BEFORE TRADITIONALLY CRITICAL MONTHS OF AUGUST AND SEPTEMBER. IT IS, THEREFORE, REQUESTED THAT THE GOVERNMENT OF THE UNITED STATES BE PLEASED TO CONSIDER REQUEST FOR AN ADDITIONAL ALLOCATION OF 300,000 TONS OF WHEAT AND RICE UNDER THE TITLE I PROGRAMME.

5. THE GOVERNMENT WOULD ALSO LIKE TO REQUEST FOR 40,000 TONS OF EDIBLE OIL AS THE STOCK OF 1ST MARCH, 1977 WAS ONLY 23,000 METRIC TONS AND THE OFF-TAKE PER MONTH HAS

SHOT UP TO 6,604 METRIC TONS IN FEBRUARY 1977. EDIBLE OIL

IS THE CHEAPEST SOURCE OF PROTEIN FOR THE RURAL POOR AND
BANGLADESH IS FACING A DEFICIT IN EDIBLE OIL WITH THE
INCREASED OFF-TAKE OF ABOUT 6,000 METRIC TONS PER MONTH.

6. THE GOVERNMENT OF BANGLADESH ALSO THANK THE GOVERNMENT
OF THE UNITED STATES OF AMERICA FOR THE ALLOCATION OF
100,000 TONS OF WHEAT FOR FOOD FOR WORK PROGRAMME AND THE
ENTIRE QUANTITY HAS BEEN UTILIZED IN THE BEST POSSIBLE
MANNER PROVIDING FOOD TO THE RURAL POOR WHO HAVE IN THEIR
TURN GIVEN THEIR LABOUR FOR EXCAVATION OF CANALS, DRAINAGE
FACILITIES, EXCAVATION OF TANKS FOR FISHCULTURE, ETC. AS
THERE OVER 1,000 PROJECTS PREPARED FOR IMPLEMENTATION
UNDER THE SUPERVISION OF CARE AND USAID BUT CANNOT BE
STARTED BECAUSE OF SHORTAGE OF TITLE II WHEAT, THE GOVERN-
MENT OF BANGLADESH WOULD REQUEST THAT DUE CONSIDERATION
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BE GIVEN TO AN ADDITIONAL ALLOCATION OF 100,000 TONS FOR
THE WELL-IMPLEMENTED FOOD FOR WORK PROGRAMME IN BANGLADESH
UNDER PL 480 TITLE II. END QUOTE

2. OUR COMMENTS FOLLOW SEPTTEL.

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